

1 **Online-only Table 1.** Taxes applied to cigarette sale to non-AI/ANs on Indian reservations in selected  
2 US states, May 2010 to January 2011<sup>a</sup>

State	Tax Rate on Cigarette Sale to Non- AI/ANs, \$	State Cigarette Excise Tax, \$	State Policy on Cigarettee Sale on Indian Reservations
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Arizona	1.00	2.00	Title 42 Chapter 3 Article 5 <a href="http://www.azleg.gov/ArizonaRevisedStatutes.asp?Title=42">http://www.azleg.gov/ArizonaRevisedStatutes.asp?Title=42</a>
California	0.87	0.87	Board of Equalization Publication 146 <a href="http://www.boe.ca.gov/pdf/pub146.pdf">http://www.boe.ca.gov/pdf/pub146.pdf</a>
Florida	1.34	1.34	Florida Statute 210.1801 <a href="http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_String=&amp;URL=0200-0299/0210/Sections/0210.1801.html">http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_String=&amp;URL=0200-0299/0210/Sections/0210.1801.html</a>
Idaho	0.00 <sup>b</sup>	0.57	No laws on implementation of tax collection on sales of cigarettes to non-AI/ANs within reservation boundaries
Iowa	1.36	1.36	IAC 701-82.4 <a href="https://www.legis.iowa.gov/docs/ACO/IAC/LINC/01-03-2007.Rule.701.82.4.pdf">https://www.legis.iowa.gov/docs/ACO/IAC/LINC/01-03-2007.Rule.701.82.4.pdf</a>
Kansas	0.00	0.79	No tribal-specific tobacco taxation laws
Minnesota	1.56	1.56	Minnesota Statutes 297 F.07 <a href="https://www.revisor.mn.gov/statutes/?id=297F.07">https://www.revisor.mn.gov/statutes/?id=297F.07</a>
Montana	1.70	1.70	Montana Code Annotated 16-11-111 <a href="http://leg.mt.gov/bills/mca/16/11/16-11-111.htm">http://leg.mt.gov/bills/mca/16/11/16-11-111.htm</a>
Nebraska	0.64	0.64	US Department of Revenue's information guide, "Taxation of Native Americans Living on an Indian Reservation" <a href="http://www.revenue.nebraska.gov/info/7-124.pdf">http://www.revenue.nebraska.gov/info/7-124.pdf</a>
Nevada	0.00 <sup>c</sup>	0.80	NAC: Ch 370 <a href="https://www.leg.state.nv.us/NAC/NAC-370.html">https://www.leg.state.nv.us/NAC/NAC-370.html</a>
New Mexico	0.75 <sup>d</sup>	1.38 <sup>e</sup>	NM Statutes Article 12 <a href="http://law.justia.com/codes/new-mexico/2006/nmrc/jd_ch7art12-46b1.html">http://law.justia.com/codes/new-mexico/2006/nmrc/jd_ch7art12-46b1.html</a>

New York	0.00	3.75 <sup>f</sup>	The enforcement of tax collection on tribal cigarette sales to non-tribal members not in place
North Dakota	0.44 <sup>g</sup>	0.44	Ch 57-36-06 and Ch 57-36-32 <a href="http://www.legis.nd.gov/cencode/t57c36.pdf?20150415114157">http://www.legis.nd.gov/cencode/t57c36.pdf?20150415114157</a>
Oklahoma	0.55 <sup>h</sup>	1.03	§710:70-7-8 <a href="http://okrules.elaws.us/oac/710:70-7-8">http://okrules.elaws.us/oac/710:70-7-8</a>
Texas	0.00	1.41	No tribal-specific tobacco taxation laws
Vermont	0.00	2.24	90% of Indian reservation cigarette purchases were from other states in 2010-2011 TUS-CPS <sup>22</sup>
Washington	2.91 <sup>i</sup>	3.02	Washington State Department of Revenue publication “Cigarette Tax” <a href="http://dor.wa.gov/Docs/Pubs/CigarTax/CigaretteTax.pdf">http://dor.wa.gov/Docs/Pubs/CigarTax/CigaretteTax.pdf</a>
Wisconsin	2.52	2.52	WSA 139.30 <a href="https://docs.legis.wisconsin.gov/statutes/statutes/139/II/30">https://docs.legis.wisconsin.gov/statutes/statutes/139/II/30</a>
Wyoming	0.00 <sup>j</sup>	0.60	WY Dept. of Rev Rules, Ch 4, §8 <a href="http://soswy.state.wy.us/Rules/RULES/7569.pdf">http://soswy.state.wy.us/Rules/RULES/7569.pdf</a>

<sup>a</sup>States with very limited cigarette purchases made on Indian reservations (<10) were excluded from the analysis.

<sup>b</sup>Although according to IDAPA 35.01.10, “sales of cigarettes by wholesalers to non-Indian enterprises or persons located within the boundaries of an Idaho Indian reservation must have Idaho cigarette stamps affixed”, no laws implement such tax collection. In addition, in the 2010-2011 TUS-CPS, the price difference between cigarette purchases made on reservation and off reservation was about \$1.14,<sup>22</sup> which is higher than the state excise tax (\$0.57). The percentage of smokers who purchased from an Indian reservation was about 7.3%, which is almost double the national average (3.8%). For these reasons, zero tax was assumed on cigarettes sold on Indian reservations to non-tribal members in Idaho.

<sup>c</sup>Zero tax was assumed on cigarettes sold on Indian reservations to non-tribal members in Nevada for the following reasons: (1) Tribal tax stamps were provided free of charge by the state to a list of tribes (NAC 370.250). The statute does not address to whom the cigarettes are sold. (2) According to NAC 370.250, the tax imposed by the reservation or colony must be equal to or greater than the State of Nevada tax rate. However, the implementation of this regulation was considered very weak. The tribe shall only furnish the department with a copy of the tribal ordinance that imposes the tribal tax, and the tribe is not required to maintain any records of cigarettes received, sold, or distributed by the tribe on that reservation or colony (NAC 370.210). In addition, data from the 2010-2011 TUS-CPS indicate that the price difference between purchases made on reservation and off reservation (\$1.11) was higher than the Nevada State excise tax (\$0.80), and the prevalence of purchases made on Indian reservations in Nevada was much higher (15.0%) than the national prevalence (3.7%).<sup>22</sup>

<sup>d</sup>According to Article 12, effective July 1, 2010, tribes must have a qualifying tribal cigarette tax of at least \$0.75 per pack of 20 cigarettes to receive cigarettes with a tax credit stamp affixed for sales to non-tribal members. Given that the tribal tax is lower than the state excise rate, it is rational to assume that the tribes have an incentive to impose a tribal tax of \$0.75.

<sup>e</sup>New Mexico State cigarette excise tax was increased from \$0.91 to \$1.66 on July 1, 2010. The adjusted state tax rate (\$1.38) was weighted by the number of months before and after the tax increase between May 2010 and January 2011:  $0.91 \times (3/8) + 1.66 \times (5/8)$ .

<sup>f</sup>New York State cigarette excise tax was increased from \$2.75 to \$4.35 on July 1, 2010. The adjusted state tax rate (\$3.75) was weighted by the number of months before and after the tax increase between May 2010 and January 2011:  $2.75 \times (3/8) + 4.35 \times (5/8)$ .

<sup>g</sup>A consumer use tax is imposed in 2 sections: 5 mills in Chapter 57-36-06 and 17 mills in 57-36-32, for a total of 22 mills per cigarette (a mill is equal to one-tenth of a cent) or 44 cents per pack of cigarettes, which is equivalent to the state excise tax.

<sup>h</sup>According to §710:70-7-8, different types of rates are applicable to sales on Indian reservations to non-tribal members depending on state/tribe compact or distance to the border of neighboring states. The estimated rate of \$0.55 was an average of 6 types of rates: state/tribal rate (\$0.515), state/tribal border rate (\$0.2575), new compact rate (\$0.8575), Kansas border rate (\$0.6075), exception rate (\$0.0575), and non-compact rate for sales to non-tribal members (\$1.03).

<sup>i</sup>Washington State has 29 federally recognized tribes, 22 of which operate under a Cigarette Tax Compact that allows the tribes to keep 100% of tribal taxes collected. Seventeen of the 22 tribes collected a tribal tax equal to 100% of the state cigarette excise tax rate. When a Cigarette Tax Compact becomes effective, the tribe has the option of starting at 80% of the state rate. Four tribes implemented the reduced rate from May 2010 to January 2011. Another tribe was allowed a reduced rate of 70% of the state rate in exchange for sharing a portion of the tribal taxes collected within the state. Seven tribes without a Cigarette Tax Compact were under the allocation system. Under this system, each tribe was allocated a set amount of tax-free cigarettes for tribal members based on tribal enrolled population. Sales of cigarettes to non-tribal members were subject to the Washington State cigarette tax. Synthesizing this information, among 29 tribes, 100% of the state rate was collected on sales to non-tribal members in 24 tribes; 80% of the state rate was collected in 4 tribes and 70% of the state rate was collected in 1 tribe. The assumed tax rate of \$2.905 was a weighted average rate:  $(24/29) \times 3.02 + (4/29) \times 3.02 \times 0.8 + (1/29) \times 3.02 \times 0.7$ . Information was obtained from the state publication on Cigarette Tax and by contacting the Washington State Department of Revenue.

<sup>j</sup>According to WY Dept. of Rev Rules, Ch 4, §8, for those cigarettes purchased by Native American or Tribal Vendors under circumstances in which they are not required to affix a Wyoming Cigarette Tax Stamp, Wyoming requires the vendor to report its total cigarette sales less any exempt sales (ie, those sold to tribal members) and to remit cigarette tax on those sales directly to the department. Although the tax rate for sales on Indian reservations to non-tribal members was not available, the total amount of tax remitted for sales made to non-AI/ANs from May 2010 to January 2011 was provided by the state Department of Revenue.

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54 **Online-only Table 2.** Annual tax-revenue losses from cigarette purchases made on Indian reservations,  
55 selected US states,<sup>a</sup> TUS-CPS,<sup>b</sup> 2010-2011

State	Losses in \$ Millions <sup>c</sup>
Arizona	27.82
Idaho	1.45
Kansas	4.09
Nevada	10.25
New Mexico	6.63
New York	292.26
Oklahoma	26.92
Texas	14.08
Vermont	3.08
Washington	3.50
Wyoming	0.83

56 <sup>a</sup>State estimates (n = 32) were suppressed if the unweighted number of smokers who purchased cigarettes from an Indian  
57 reservation (either resided within the state or resided out of state) was <10. In Vermont, the within-state purchases made on  
58 reservations were <10 and out-of-state purchases made on reservations were >10. Therefore, the estimated revenue losses in  
59 Vermont were only subject to out-of-state purchases made on reservation. For all other states in the table, the estimated  
60 revenue losses were only subject to within-state purchases made on reservation because the out-of-state purchases made on  
61 reservation were <10 in these states. Therefore, these estimates represent lower-bound state revenue losses from purchases  
62 made on Indian reservations.

63 <sup>b</sup>Data source: Tobacco Use Supplement to the Current Population Survey 2010-2011.<sup>22</sup>

64 <sup>c</sup>For California, Florida, Iowa, Minnesota, Montana, Nebraska, North Dakota, and Wisconsin, the state cigarette excise tax  
65 was assumed to have been collected on cigarettes sold to non-tribal members on Indian reservations based on reference to  
66 state tax policy. Therefore, no tax-revenue losses were reported on purchases made on Indian reservations for these states.

*CDC Technical Editor's Version*